

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 1518-01  
Bill No.: SB 369  
Subject: Political Subdivisions: Utilities, Right-of-way  
Type: Original  
Date: February 19, 2001

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON STATE FUNDS</b>			
FUND AFFECTED	FY 2002	FY 2003	FY 2004
<b>Total Estimated Net Effect on <u>All</u> State Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
FUND AFFECTED	FY 2002	FY 2003	FY 2004
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
FUND AFFECTED	FY 2002	FY 2003	FY 2004
<b>Local Government*</b>	<b>(Unknown)</b>	<b>(Unknown)</b>	<b>(\$Unknown)</b>

\* Fiscal impact is estimated to exceed \$10,000,000 annually.

Numbers within parentheses: ( ) indicate costs or losses.  
This fiscal note contains 5 pages.

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## FISCAL ANALYSIS

### ASSUMPTION

Officials of the **Department of Economic Development-Public Service Commission, and Office of Public Counsel**, stated there would be no fiscal impact to their department.

Officials of the **Missouri Department of Transportation** stated they are not included in the definition of "political subdivision", therefore, this proposal would not apply to their department.

Officials of the **Missouri Department of Conservation** stated this proposal would not have fiscal impact on MDC funds.

Officials of the **Office of Administration- Division of Design and Construction** stated their would be no fiscal impact to their division.

Officials of the **Department of Natural Resources** stated that their department manages the state park system and are responsible for maintaining certain roads within the state park system. Depending upon the definition/intent of the term public right-of-way, the department may be fiscally impacted.

Officials of the **City of Kansas City** stated that the major impact would be the termination of current franchise fees in 2004. Officials stated this proposal would deprive the City of fees assessed to maintain and repair hundreds of miles of streets used by utilities, telecommunications companies, and cable television operators. Officials stated costs for street repairs would be significant. Arbitration costs would be an additional expense of managing the right-of-way. Officials stated that because franchise fees could not be renewed, there would be no ability to assess the federally authorized 5% franchise fee against cable operators. Officials stated that although the franchise fee would be collected through 2004, when the franchise expires, the City would lose, in current revenue, about \$3.7 million annually from a single operator. The City would also lose support for government access cable television operations of the City is received from each cable operator. The equipment would not be allowed to be required under State law, although federal law allows this requirement. Officials assume impact cannot be estimated, but assume it would be several million dollars annually. Fiscal impact is unknown

Officials of the **City of St.Louis** stated this proposal places new requirements and procedures on municipalities. Officials stated there would be arbitration cost of \$5,000 per incident. There would be an increase in overtime cost to comply with the 10 day permit approval deadline. Officials estimate costs at \$10,000 annually.

ASSUMPTION (continued)

Officials stated there would be a loss of income from franchise tax revenues from cable operators of approximately \$1.45 million annually, and there would be an annual loss of income of approximately \$13.3 million from Incumbent Local Exchange Carriers and Competitive Local Exchange Carriers. Officials stated the City would lose in-kind services, which, have an estimated annual value of \$891,666. Officials stated that these costs are estimates and the actual fiscal impact is unknown.

Officials of the **City of Springfield** assume this proposal would have fiscal impact to City funds. Officials stated they would lose utility franchise fee payments as no franchise would be allowed to require rental for rights-of-way use over and above the right-of-way permit fee as defined by this proposal. Officials stated the loss of revenues would be several million dollars annually. Officials assume the actual loss of revenues, in kind services, and other requirements is unknown.

Officials of the **City of Hannibal** assume there would be a loss of revenue due to the loss of the franchise fee. Officials estimate the loss of revenue at approximately \$10,000,000 annually.

**Oversight will show loss of revenue to local government, and increased cost of street maintenance, etc. as (unknown). Oversight assumes fiscal impact would exceed \$100,000 annually.**

<u>FISCAL IMPACT - State Government</u>	FY 2002 (10 Mo.)	FY 2003	FY 2004
	\$0	\$0	\$0

FISCAL IMPACT- Local Government (continued)

<u>FISCAL IMPACT - Local Government</u>	FY 2002 (10 Mo.)	FY 2003	FY 2004
<b><u>Loss of income</u></b> to Cities from Franchise Fees	(Unknown)	(Unknown)	(Unknown)
<b><u>Cost</u></b> to Cities from Arbitration fees, street repairs etc.	(Unknown)	(Unknown)	(Unknown)
<b>Estimated Net Effect to Local Government*</b>	<b><u>(Unknown)</u></b>	<b><u>(Unknown)</u></b>	<b><u>(Unknown)</u></b>

**\* Oversight assumes that, on a statewide basis, the fiscal impact to local governments would exceed \$10,000,000 annually.**

FISCAL IMPACT - Small Business

Small business in the excavation business would be expected to pay a permit fee when excavating on municipal rights-of-way.

DESCRIPTION

This act allows political subdivisions to require permits for public utility right-of-way use. A political subdivision has the right to manage its public rights-of-way and recover the management costs from the public utility which may pass the cost on to the consumer. Public utility right-of-way users are required to restore the right-of-way and surrounding areas after excavation. A political subdivision may refuse to grant or may revoke a permit under certain circumstances. Appeal procedures are provided for a refusal or revocation of a permit.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Economic Development- Public Service Commission  
Office of Public Counsel  
Department of Natural Resources  
Missouri Department of Transportation  
Missouri Department of Conservation  
Office of Administration- Division of Design and Construction  
City of Kansas City  
City of St.Louis  
City of Springfield  
City of Hannibal



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